



Charity number 1197599

## Risk Assessment and Risk Management Policy for Brereton Big Local CIO

### Introduction

Risk is the uncertainty surrounding events and their outcomes that may have an impact on Brereton Big Local CIO. All our activities carry some risk, arising either from potential threats or the non-realisation of opportunities which may harm, prevent, hinder, or interfere with the achievement of our objectives.

Risk is inherent in every activity and this policy sets out how Brereton Big Local CIO will manage risks to ensure a balanced approach to opportunity and risk. It explains the approach to risk management; defines risk and how it is assessed, evaluated, and escalated; and documents roles and responsibilities for the management of risks.

### Risk management

Risk management enables organisations to evaluate and respond to risks and opportunities and seeks to manage the impact of uncertainty by increasing the probability of success and reducing the likelihood of failure.

Effective risk management involves evaluating the uncertainties and implications within options and managing impacts once choices are made. It provides a process for identifying risks around new, proposed, and current business activities, and involves the categorisation and evaluation of each risk and the application of management controls to mitigate the risk. The evaluation is based on a judgement of the likely impact if no further action is taken, combined with an assessment of the likelihood of the risk re-occurring.

Risk management should be both an integral part of all organisational activities to support decision-making in achieving objectives and embedded within the culture of the organisation.

### Risk identification and assessment

Like all organisations, Brereton Big Local CIO faces risks, actual and theoretical, that range from the trivial to the existential. This policy is intended to address both the strategic risks which arise from our strategic ambitions and from the potential external threats to Brereton Big Local CIO from the developments in our operating environment, and the operational risks to our objectives and plans we put in place each year to manage and deliver our operational activities.

Risk assessment is a qualitative or quantitative evaluation of the nature and magnitude of risk to our objectives and planned activities. The evaluation is based upon known vulnerabilities and threats and considers the likelihood of the threats being realised and their impact on our work.

As part of the business planning process, the Trustees will ensure the strategic risks that affect delivery of Brereton Big Local CIO's strategy are identified and included in the strategic risk register, for review and approval by the Trustees. As part of this process, they will also consider risk interdependencies with Department of Health and Social Care (DHSC) Arms-Length Bodies (ALBs), and other key partners. This



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will include the other ALBs Brereton Big Local CIO is dependent on to deliver its priorities. Trustees will also ensure that fundamental risks in their centre/ department, which are not strategic in nature, are identified, assessed, and incorporated in the operational risk register.

Trustees are required to include a risk assessment in their reports where there is a substantive new development proposed or substantive change to existing activities.

Risk registers are also produced for significant projects, and these will be used to provide mitigations and assurances to Trustees, for example a large digital transformation project, which is internally facing but is organisation wide.

An assurance mapping tool is also available to help Trustees in discussion with their teams to assess any risks associated with a new project or new areas of work, and to identify any gaps in assurance where action is required to improve the controls.

### **Categorising risks**

Each risk will be assigned an overall assessment depending on its impact and the likelihood of it occurring by applying the approach set out in appendix A. This initial assessment takes account of mitigating controls and assurances already in place and provides a current risk rating. Any further planned actions to reduce the risk score are recorded, with the aim of reaching a target risk rating, using the format in appendix B.

Risks are scored using a 5x5 matrix giving each risk a score of 1 to 5 for both the likelihood of it arising and a score of 1 to 5 for its potential impact on the organisation. In assessing the likelihood of risks arising, a judgement will be made as to whether the possibility of a risk realising is deemed to be rare, unlikely, possible, likely, or almost certain. In assessing the impact on the organisation of a risk realising, a judgement will be made as to whether the result is deemed to be very low, low, moderate, high, or severe.

An overall assessment of each risk is made according to its impact and likelihood of occurrence based on the current controls in place, using the scoring matrix set out in Appendix A, leading to an overall rating of very low (light green), low (green), medium (yellow), high (amber), very high (red).

Identified risks will be reviewed to determine the action to be taken. This is called the treatment of risks. Options open to treat risks include:

- avoiding the risk, if feasible, by deciding not to start or continue with the activity that gives rise to the risk.
- taking or increasing the risk to pursue an opportunity or a strategic priority.
- retaining the risk by informed decision
- changing the likelihood, where possible
- changing the impact, including planning contingency activities
- sharing the risk with another organisation (e.g., through a contract or partnership agreement)
- escalating the risk to the Department of Health and Social Care where appropriate

### **Risk appetite**



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In developing and monitoring the implementation of our strategic priorities and operational plans, we need to assess the actions we intend to take, together with any known external circumstances that may have an impact on the organisation, for the risks they may pose. This must be done with an understanding of the extent to which we are prepared to accept the risks associated with the actions we plan to take. This is our 'risk appetite'; the extent to which we will tolerate known risks, in return for the benefits expected from a particular action or set of actions.

Through approval of this policy, the Trustees determine the organisation's risk appetite and sets the culture of risk management within Brereton Big Local CIO regarding new initiatives and emerging risks.

With careful planning and management, we aim to operate our programmes with a moderate, low, or very low level of risk wherever possible.

However, there are circumstances where we may be prepared to tolerate high risk, for example if we are making significant changes to current programmes, taking on new activities, or external pressures impact our work. We also need to take account of risks that arise from the actions of other organisations that give rise to greater risk for us.

It is very likely as a result of the increasingly complex health and social care environment, and the ambitions of Brereton Big Local CIO to become a more agile, flexible and innovative organisation, that the future risk profile for the organisation will increase.

We may therefore need to consider accepting very high risks in certain circumstances. This may be in situations where the actions involved represent the single, or least unpalatable option to manage the issues involved, which may have been externally imposed, and therefore over which Brereton Big Local CIO will have little or no direct control. In addition, it may be necessary to accept a very high risk if an activity is central to our strategic priorities and the risks of not proceeding outweigh the risks of undertaking the activity. The Trustees will be asked to consider such risks in detail and will need to have reviewed and taken a position on alternative courses of action before the risk is accepted.

The risk appetite in relation to individual risks may not therefore be static and may need to vary according to the circumstances facing Brereton Big Local CIO, which at times, may justify accepting a higher level of risk than would usually be the case.

## **Oversight**

The Board has ultimate responsibility for risk management within Brereton Big Local including major decisions affecting Brereton Big Local CIO's risk profile or exposure. It will review the strategic risk register six-monthly and periodically dedicate time specifically for horizon scanning to identify and consider the nature of emerging risks, sources of uncertainty, threats and trends, and also to reflect on any learning from Brereton Big Local CIO's response to unforeseen events.

As part of Trustee's review of the strategic risk register, where a risk has been mitigated significantly resulting in the risk level decreasing to low or very low, they may decide that the risk is no longer of a strategic level threat and can be de-escalated to the operational risk register.



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Risks may also be removed from the operational risk register if the Trustees consider a threat level has decreased significantly or been mitigated sufficiently. A register of risks that have been removed is maintained by the Trustees.

### **Review**

This policy will be reviewed by the corporate office in January 2025, or sooner if a change in obligations requires it.





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## Appendix A: Quantifying and monitoring risks

Each risk is allocated an **impact** score using the descriptions below ranging from very low with a score of 1 to severe with a score of 5.

Category	Score	Examples
Very low	1	<ul style="list-style-type: none"> <li>minimal impact on budgets</li> <li>minor changes required to working practices.</li> <li>no impact on the quality, timeliness, or utility of any outputs</li> <li>no external challenge or criticism expected.</li> </ul>
Low	2	<ul style="list-style-type: none"> <li>some impact on one or more budgets, manageable within the budget(s) concerned.</li> <li>some changes to working practices or minor changes to staff roles.</li> <li>minimal impact on the quality, timeliness, or utility of any outputs</li> <li>some external criticism which is not likely to be material enough to result in reputational damage.</li> </ul>
Moderate	3	<ul style="list-style-type: none"> <li>material financial consequences for the budget or budgets directly concerned, which can be managed within the affected budget(s) or using underspending in unaffected budgets.</li> <li>material impact on the employment position of staff, which may need to be managed through formal change processes.</li> <li>some impact on the quality, timeliness, or utility of any outputs, which can be resolved before publication.</li> <li>external criticism of the Institute's judgement, which can be met successfully, and which is unlikely to result in reputational damage.</li> </ul>
High	4	<ul style="list-style-type: none"> <li>material financial consequences, which can only be managed using reserves and/or in year transfers from unaffected budgets, or exceptionally, transitional funding from the Department of Health and Social Care</li> <li>significant impact on the employment position of staff, which can only be managed by formal change processes, with risk of redeployment and, exceptionally redundancy.</li> <li>significant impact on the quality, timeliness, or utility of any outputs, which may require amendment, withdrawal and/or replacement post-publication.</li> <li>external criticism of the Institute's judgement, which may result in substantial reputational damage.</li> </ul>
Severe	5	<ul style="list-style-type: none"> <li>significant financial consequences which can only be managed by transitional funding from the Department of Health and Social Care</li> <li>protracted unavailability of critical skills/people or high risk of requirement to reduce the headcount through redundancy.</li> <li>severe impact on the quality, timeliness, or utility of any outputs, which require withdrawal and/or replacement post-publication.</li> <li>national and international criticism of the Institute leading to sustained adverse media and potential Government intervention</li> </ul>

Similarly, the **likelihood** of each risk materialising will be assessed on a scale of 1 to 5 as outlined in the table below.



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Category	Score	Definition
Rare	1	Highly unlikely to occur in the following 12 months
Unlikely	2	Unlikely to occur in the following 12 months
Possible	3	May occur in the following 12 months
Likely	4	Likely to occur in the following 12 months
Almost certain	5	Highly likely to occur in the following 12 months

Note: In the case of strategic risks, a timescale of 24 months should be considered given the longer-term nature of these risks.





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A **summative** score will be calculated, in each case, by multiplying the impact and likelihood scores, to give a total score. This will lead to an overall rating of the risk. Risks can then be mapped into a risk matrix that has five zones (red, amber, yellow, green and light green).

<b>Impact</b>	<b>Severe</b> 5	<b>5</b> <i>Low</i>	<b>10</b> <i>Medium</i>	<b>15</b> <i>High</i>	<b>20</b> <i>Very high</i>	<b>25</b> <i>Very high</i>
	<b>High</b> 4	<b>4</b> <i>Low</i>	<b>8</b> <i>Medium</i>	<b>12</b> <i>High</i>	<b>16</b> <i>High</i>	<b>20</b> <i>Very high</i>
	<b>Moderate</b> 3	<b>3</b> <i>Very Low</i>	<b>6</b> <i>Low</i>	<b>9</b> <i>Medium</i>	<b>12</b> <i>High</i>	<b>15</b> <i>High</i>
	<b>Low</b> 2	<b>2</b> <i>Very Low</i>	<b>4</b> <i>Low</i>	<b>6</b> <i>Low</i>	<b>8</b> <i>Medium</i>	<b>10</b> <i>Medium</i>
	<b>Very low</b> 1	<b>1</b> <i>Very Low</i>	<b>2</b> <i>Very Low</i>	<b>3</b> <i>Very Low</i>	<b>4</b> <i>Low</i>	<b>5</b> <i>Low</i>
		<b>Rare</b> 1	<b>Unlikely</b> 2	<b>Possible</b> 3	<b>Likely</b> 4	<b>Almost certain</b> 5
<b>Likelihood</b>						

When assessing the likelihood and impact of risk, the most credible worst-case scenario should be considered, not the worst-case.



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### Appendix B: Risk register template

Strategic risk	ET lead	Mitigation and assurance	Current impact score	Current likelihood score	Current Red, Amber, Yellow, Green, Light green rating	Actions to strengthen mitigation and assurance (include due dates)	Target impact score
Operational risk	Risk lead & risk owner						

**Note:** For operational risks, the risk lead is the accountable ET member, and the risk owner is the responsible senior manager.

**Risk:** the risk itself, expressed in terms of a cause and an event, and their impact.

**Mitigation:** the actions in place to mitigate the risk, together with any timings (also known as controls). This includes reporting arrangements (e.g., to Board, ARC, ET).

**Assurance:** any assurance on the effectiveness of the controls/mitigations, with particular emphasis on sources of external assurance.

**Current rating:** the score allocated to the impact and likelihood of the risk, and the RAG (Red, Amber, Yellow, Green, Light green) rating allocated to it *after the application of current controls/mitigations*.

**Actions to strengthen mitigation and assurance:** the further planned actions to strengthen the controls (to move the current rating to the target rating) and to strengthen the assurance on the controls. This should include dates for completing the actions. The risk owner should ensure that actions are **SMART** (specific, measurable, achievable, relevant, time bound) and that a realistic completion date is assigned to each action.

**Target score:** the target score allocated, after the additional proposed mitigating actions, to the impact and likelihood of the risk, and the RAG rating allocated to it.

To be reviewed and signed at the next AGM.

Signed & Agreed by all Trustees on date:	Policy version:	Review Date:
	V.1 11-22	11/2023